

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA)	Criminal No. 02-444-A
)	
)	Count 1: 18 U.S.C. §371
v.)	[Conspiracy To Defraud The
)	United States And To Cause
)	Prohibited Kickbacks To Be
MARCO A. URREA)	Included In The Contract Price
)	Charged To The United States
Defendant)	By A Prime Contractor, In
)	Violation Of 41 U.S.C. §53(3)]
)	

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT

At all times material to this Information:

I. INTRODUCTION

1. TRW, Inc., ("TRW") was headquartered in Cleveland, Ohio. Through its Space and Electronics Division, TRW operated a facility at Redondo Beach, in Los Angeles County, California.

2. The National Reconnaissance Office (the "NRO") was an intelligence organization of the United States Government, with its headquarters in Chantilly, Virginia. Throughout the 1990's and up to the present, the United States Department of Defense ("DOD") and the NRO maintained contracts with TRW that TRW performed at its Redondo Beach facility.

3. Bob Parrett Construction Company (hereinafter referred to as "Parrett Construction") performed multi-purpose commercial

construction projects throughout the greater Los Angeles metropolitan area, including projects for TRW at Redondo Beach. In March 1996 Parrett Construction was awarded a blanket contract with TRW based upon Parrett Construction's agreement with TRW wherein Parrett Construction agreed to charge TRW a certain hourly rate for various categories of labor on TRW construction projects that totaled less than \$25,000. That figure was changed to \$50,000 in May 2000. The blanket contract also allowed Parrett Construction, as a general contractor, to bill TRW a markup or burden of three per cent of the price Parrett Construction paid to subcontractors for work on a project supervised by Parrett Construction.

4. Using the blanket contract agreement, TRW building managers had discretion to hire Parrett Construction, without competitive bidding, on various construction, repair, or maintenance projects costing (until May 2000) less than \$25,000. If the cost of the project appeared to exceed \$25,000, TRW building managers were obligated to seek competitive bids from at least two construction companies.

5. From 1996 through 2000, in accordance with its NRO and DOD contracts, TRW was allowed to bill the NRO and the DOD, in the form of engineering overhead costs, approximately 94 per cent of certain occupancy overhead costs associated with the TRW performance on NRO and DOD projects. These occupancy overhead

costs included costs incurred from subcontractors, including Parret Construction, involved in modifying or maintaining certain TRW buildings used in the performance of NRO and DOD contracts.

6. Jeffrey A. Zmina was a TRW employee at Redondo Beach who in 1997 became a structural department supervisor responsible for modifications to, as well as maintenance for, certain TRW buildings that were used in TRW's performance of NRO and DOD contracts.

7. The defendant MARCO A. URREA was an employee of Parrett Construction since 1991. From 1996 until approximately January 2001, defendant URREA worked as the Parrett Construction project manager for TRW at Redondo Beach. In accordance with the blanket agreement, defendant URREA entered into agreements with TRW building managers and structural department supervisors to repair, maintain, or modify certain TRW facilities that were used by TRW in its performance of United States Government contracts, including contracts with the NRO and the DOD.

II. THE CONSPIRACY TO DEFRAUD THE UNITED STATES AND TO CAUSE THE COST OF PROHIBITED KICKBACKS CHARGED BY THE SUBCONTRACTOR TO THE PRIME CONTRACTOR TO BE INCLUDED INDIRECTLY IN THE CONTRACT PRICE CHARGED BY THE PRIME CONTRACTOR TO THE UNITED STATES

8. Beginning on or about 1996 and continuing until approximately December 2000, in the Eastern District of Virginia, and elsewhere, the defendant MARCO A. URREA and TRW employee Jeffrey A. Zmina and others did unlawfully, willfully, and

knowingly combine, conspire, confederate and agree with each other

(i) to defraud the United States, specifically, the NRO and the DOD by causing these agencies to pay through TRW the ultimate cost of prohibited kickbacks paid to TRW employees in violation of federal procurement regulations, specifically, Sections 3.502-1 & 2 of the Federal Acquisition Regulations; and

(ii) to cause a prime contractor to include indirectly the amount of prohibited kickbacks charged by a subcontractor to a prime contractor in the contract price charged by the prime contractor to the United States, in violation of 41 U.S.C. §53(3).

III. THE MANNER AND MEANS OF THE CONSPIRACY

9. It was a part of the conspiracy for Jeffrey A. Zmina and other TRW employees, who had the discretion to hire Parrett Construction under the blanket agreement for construction, repair or maintenance projects at TRW's Redondo Beach facility, to solicit and accept from defendant URREA kickbacks in the form of money, merchandise, meals, trips, and home remodeling with intent to be rewarded in connection with Parrett Construction projects at TRW involving facilities used in prime contracts with the NRO and DOD.

10. It was a further part of the conspiracy for the defendant URREA, with the assistance and approval of others, (i) to arrange for Parrett Construction to pay for the kickbacks, (ii) to allocate the cost of the kickbacks within Parrett Construction's accounting system to various TRW projects, and (iii) to cause Parrett Construction to submit bills to TRW which covered, along with legitimate costs, those additional kickback related costs, concealed in the form of inflated labor hours or subcontractor costs.

11. It was a further part of the conspiracy that defendant URREA's coconspirators at TRW would approve for payment the bills submitted by Parrett Construction and would thereby knowingly cause the cost of kickbacks, paid by a subcontractor, to pass through to TRW and to TRW's customers, namely, the NRO and DOD.

IV. OVERT ACTS

12. In furtherance of the conspiracy, and to effect the aims and objectives thereof, the conspirators caused TRW to perform overt acts in the Eastern District of Virginia, namely, to bill the NRO, as engineering overhead costs, the inflated overhead costs associated with the kickback scheme, the payment of which bills indirectly funded the scheme for approximately five years. Specifically:

(a) On or about December 22, 1999, in Chantilly, Virginia, in accordance with an NRO/TRW Redondo Beach contract, TRW billed

the NRO for engineering labor hours and associated overhead costs incurred, for the period of December 4 through December 17, 1999. During that December time period, TRW had absorbed the cost of approximately \$18,000 in kickbacks paid to Jeffrey A. Zmina, 94 per cent of which costs were passed on to the NRO in the form of engineering overhead costs, thereby causing the NRO to indirectly fund the kickback scheme; in violation of Title 41, United States Code, Section 53(3).

(In violation of Title 18, United States Code, Section 371).

Respectfully submitted,

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